

Orange County 2009 Trending Activity Summary

General

Orange County is one of the smaller counties in the state. The county is made up of ten townships with a total parcel count of just under 18, 000 total parcels. The real estate market had been relatively slow for several years until recent developments involving the new casino and modernization of French Lick and West Baden hotels. This has led to a dramatic increase in the value of commercial properties near the hotel.

The housing sector has been relatively slow throughout most of the county, with the exception of the French Lick/ West Baden area which has seen prices increase faster than the rest of the county. The Redevelopment Commission has also been active in buying homes in the French Lick area. This has resulted in multiple sales that tend to be above market.. New residential developments have been limited to a few large-tract rural subdivisions scattered around the county with only a small number of new homes in those areas.

Commercial

In the towns of West Baden and French Lick a large enough sample of improved commercial sales was available to develop a trending factor. Applying this trend factor to the improved parcels yielded an increase in almost all the parcels. Commercial parcels in both of these taxing units were substantially increased during the 2006, 2007 and 2008 trending projects. Increases for 2009, once again far exceeded the remainder of the county and most of the region. In Paoli Township commercial and industrial values were adjusted using a trend factor in 2008 and 2009, however, in 2007 a cost index derived from Marshall and Swift was applied to all commercial, industrial, utility and commercial-type exempts in Paoli. In all of the remaining taxing districts the number of improved sales was limited. In those districts a cost index derived from *Marshall and Swift* was loaded into the county's Proval software system and batch recalculations of commercial and industrial properties were carried out. This was done in 2007, 2008 and 2009.

The cost index was developed from reviewing 4 different time-adjusted indexes in the *Marshall and Swift* manual. The index arrived at was 1.33 (133%) for the 2007 trending, 1.39 (139%) for the 2008 trending, and 1.41 (141%) for 2009 trending. After the commercial and industrial recalculation was carried out in 2007, new depreciation figures were applied using January 1, 2006 as the new effective date to determine depreciation instead of the prior January 1, 1999 date. In 2008, new depreciation figures were applied based upon an effective age of January 1, 2007. In 2009 new depreciation figures were applied using an effective age of January 1, 2008. The market data available was used to help determine obsolescence depreciation if needed.

In 2009 the county's appraisal vendor carried out field inspections of a significant number of commercial properties in the French Lick area. As part of the 2008 review of commercial property, the county's appraisal vendor carried out field inspections and complete reassessments

of 90% of the improved property in the town of Orleans and Orleans Township. In 2007 a review of approximately 90% of the improved parcels in Paoli was carried out, and the vendor also carried out a complete reassessment of approximately 50% of the improved commercial and industrial parcels in West Baden. During the 2006 trending project approximately 40% of the commercial and industrial parcels county-wide were completely reworked, including almost all of the parcels in French Lick. Over a 3-year span at least 85% of the improved parcels have been extensively reviewed in the field.

Also during the 2007 trending project the French Lick hotel was completely reworked through a combination of new blue prints and multiple field inspections. New construction associated with the casino project, golf course renovation, and event center was all added to the rolls. In 2008 the review of the ongoing construction at the French Lick Hotel and Casino continued, as well as a complete rework of the West Baden Springs domed hotel and grounds. In 2009 these properties were again reviewed along with the new Mt. Airie golf course which will open as a PGA quality course.

Commercial Land

Due to the limited amount of raw land sales for commercial and industrial property, the county contracted with a local appraiser (Magner Appraisal of Paoli) to obtain appraisals of commercial and industrial properties in both Paoli and Orleans Townships. The appraisals carried out were used to supplement and revise the land values established by the county.

Residential

All sales disclosures for residential properties are initially verified and validated by the county assessor's office by phone contact with the parties involved in the sale. For those parcels where the sale price and assessed value differ by more than 20%, a field inspection is carried out by the county's appraisal vendor. These inspections often result in finding renovated, omitted or removed improvements. Discussion with the owners onsite yielded new information about the financing or family relationships which do not always appear on the disclosures.

Sale prices throughout the county showed modest increases in 2006. The number of foreclosures was higher than in the past and created additional work during the verification process. Signification changes were made to the residential parcels during the 2006 trending project, but most of the changes for 2007 and 2008 were relatively modest, with the exception of the French Lick area which was still quite active.

Income Producing Properties

Orange County has a limited number of multi-family housing apartments. Most of the multi-family developments are either low-income or elderly housing. The county has obtained income and expense data from the majority of those properties. Almost all of the multi-family

apartments were appealed during the 2002 reassessment and/ or following the 2006 and 2007 trending projects. The process of comparing the capitalized net income to the assessed valuations has been an ongoing activity since the 2002 reval. The county has also gathered rental data from residential rentals to develop GRM's and then compared the GRM derived values against the current assessed values.

Other data Sources

The data base for properties available through the MLS has improved in the past few years. The county has utilized what data is available, which is primarily on-line listing fact sheets as comparison of value and also to obtain construction data on both residential and commercial property. The MLS data is still relatively limited compared to MLS data available in most larger counties. What data is available has been incorporated into the 2009 valuation process and has been utilized for prior years also.

As part of the ongoing assessment process the county also has a tax attorney, Marilyn Meighn, on retainer. The county utilizes her services on various appeals each year and she has provided appraisers to help support the county's assessed values. The county also retains the services of independent appraisers when necessary to support assessed values during the appeal process.

Mobile Homes

Pursuant to directions from the DLGF the Assessor has removed single-wide mobile homes from the real property assessment rolls and priced them as personal property. Because of this, multiple sales that appeared on the 2007 ratio study have been removed. Also, the county has repriced all double-wide mobile homes as dwellings. This repricing has resulted in assessed values that vary far more than other classes of property when comparing year-to-year assessments.

Neighborhood Review and Reduction of Overstratification

During the 2002 revaluation neighborhood boundaries within incorporated areas tended to follow subdivision lines. While this made the data collection, data entry and land valuation process much easier during the reassessment it has created some issues since. It has required far more changes to the control pages of the county's software system than would be expected and it has required that multipliers be developed from reviewing clusters of similar neighborhoods instead of larger more comprehensive neighborhoods. In 2008 multiple smaller neighborhoods were combined to produce larger neighborhoods that are easier to work with. While many neighborhoods were eliminated, a significant number still remain. This allows for stratification, where before the county was overstratified. Below is a listing of those neighborhoods that have been combined:

Paoli (14 small neighborhoods combined into larger areas):
1202 was combined into 1201 (1202 now inactive)

1205, 1237 and 1240 were combined with 1204 (1205, 1237, 1240 now inactive)
1209 was combined into 1207
1206, 1212, 1215, 1216, 1219, 1224, 1233, 1235 and 1238 were all combined into 1214

West Baden (4 small neighborhoods combined into a larger one):
9302, 9304, 9310 and 9314 all combined into 9312

French Lick (6 neighborhoods combined into larger ones):
9222 and 9223 combined into 9221
9206 and 9225 combined into 9229
9224 and 9227 combined into 9228

Orleans (10 small neighborhoods combined into larger ones):
1008 and 1023 combined into 1009
1001, 1003, 1004, 1014 and 1120 all combined into 1102
1007, 1022 and 1025 all combined into 1006

In 2009 forty-nine (49) Additional smaller neighborhoods were combined into larger neighborhoods to help reduce the amount of overstratification. Below is a partial listing of additional neighborhoods that have been combined for 2009:

French Lick Township: (4 neighborhoods combined into larger areas)
9103, 9105 and 9106 added to 9107 (9103, 9105 and 9106 now inactive).
9104 added to 9102 (9104 now inactive)

French Lick Town: (9 neighborhoods combined into larger areas)
9201, 9211 added to 9231 (9201, 9211 now inactive)
9204, 9209, 9236 added to 9228 (9204, 9209, 9236 now inactive)
9207, 9220 added to 9229 (9207, 9220 now inactive)
9218 added to 9217 (9218 now inactive)
9234 moved parcels to various neighborhoods (9234 now inactive)

West Baden Town: (1 neighborhood combined into larger area)
9303 added to 9312 (9303 now inactive)

Greenfield: (1 neighborhood combined)
9405 added to 9404 (9405 now inactive)

Jackson: (1 neighborhood combined)
9502 added to 9503 (9502 now inactive)

Northeast: (2 neighborhoods combined)
9601, 9602 added to 9603 (9601, 9602 inactive)

Northwest: (1 neighborhood combined)
9701 added to 9702 (9701 inactive)

Orleans Town: (12 neighborhoods combined into larger areas)

1005, 1011, 1017, 1019, 1021, 1024 added to 1018 (1005, 1011, 1017, 1019, 1021, 1024 now inactive)

1012, 1015, 1016 added to 1010 (1012, 1015, 1016 now inactive)

1026 added to various neighborhoods (1026 now inactive).

1031 and 1049 added to 1030 and 1032 (1031, 1049 now inactive)

Paoli Town: (18 neighborhoods combined into larger areas)

1201, 1232 added to 1214 (1201, 1232 now inactive)

1203, 1208, 1222, 1223, 1225, 1226, 1227, 1230, 1241 added to 1217 (1203, 1208, 1222, 1223, 1225, 1226, 1227, 1230, 1241 now inactive)

1211 added to 1231 (1211 now inactive)

1213, 1228, 1229, 1234, 1236, 1245 added to 1207 (1213, 1228, 1229, 1234, 1236, 1245 now inactive)